



ARROW INTERNATIONAL (NZ) LIMITED (IN LIQUIDATION)

Company number: 3383573

Liquidators' Eighth Report to Creditors and Shareholders

Reporting Period: 6 June 2022 to 5 December 2022

1. Introduction

Andrew Bethell and Andrew McKay of BDO Auckland and Colin Gower of BDO Christchurch were appointed joint and several administrators of Arrow International (NZ) Limited (“the Company” or “AINZL”) on 28 February 2019 by a resolution of the Company’s directors, in accordance with section 239I of the Companies Act 1993 (“the Act”).

At the Watershed Meeting held on 6 June 2019, the Company’s creditors resolved to place the Company into liquidation. Andrew Bethell, Andrew McKay and Colin Gower were appointed joint and several liquidators (“Liquidators”) pursuant to section 241(2)(d) of the Act.

The Liquidators provided a Declaration of Independence, Relevant Relationships and Indemnities together with details of hourly rates in the Watershed report dated 29 May 2019 previously provided to creditors. There have been no changes to this declaration nor have the rates changed since that report.

In accordance with section 255 of the Act we report on the Company’s affairs together with our proposals for conducting the liquidation.

2. Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance.

We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in the light of any information existing at the date of this report which becomes known to us after that date.

3. Conduct of the liquidation within the reporting period

3.1 Schedule of Receipts and Payments

Attached at **Appendix 1** is a schedule of receipts and payments for the six-month period.

3.2 Asset Realisations

The Liquidators have realised all known assets in prior reporting periods and are not expecting any further recovery from asset realisations. Refer to our previous reports for further detail on prior asset realisations.

3.3 Creditors Claims

Secured Creditors

As noted in our previous report, the Company’s bank provided funding jointly and severally to the Company, the ultimate parent company Arrow International Group Limited (“AIGL”), a subsidiary Construction Labour & Resources Limited (“CLRL”) and other Group companies. The bank’s security was jointly and severally secured over the assets of the Company, AIGL and CLRL.

Performance bonds provided on behalf of the Company were secured by way of general security instruments over AINZL and AIGL. All secured bonds have now either been released or called and paid.

Preferential Creditors

We previously reported that employee wages and holiday pay of \$730k, that would otherwise have been preferential claims in the event of the liquidation of the Company after the Watershed meeting, were settled in full prior to the liquidation.

Inland Revenue's preferential claim of \$553k has been paid in full.

Retentions Held

The Liquidators have continued to release retentions held in trust to subcontractors in accordance with the provisions of the Construction Contracts Act 2002. At the time of this report, all retentions but one, have been released and we anticipate the final retention sum will be released early in the New Year. A final reconciliation of the retention account indicates that there will be a further sum transferred to the Company's general bank account for the benefit of all proved creditors. This surplus arose from the Company transferring retention sums into trust which were not in fact required to be held in trust.

Attached at **Appendix 2** is a summary of the retentions released since our appointment as Administrators and Liquidators.

Unsecured Creditors

The Liquidators have progressed assessment of further claims during the reporting period. See the table below for a breakdown of our updated claims assessment to date:

Claim Status	\$ (incl GST)	Count
Admitted	27,504,233	438
Rejected	17,449,296	77
Withdrawn	3,883,689	13
Total	48,837,219	528

4. Distribution to creditors

The Liquidators have previously paid an interim distribution at a rate of 12 cents on the dollar (12%) for a total of \$3.2m. The distribution was paid effective as of 14 December 2021 and it was paid to all unsecured creditors with an admitted claim in the liquidation.

We note that the Liquidators' Receipts and Payments disclose an interim distribution of \$85,881 made during the reporting period. This was the payment of creditor claims that the Liquidators were aware of but which had not been finalised at the time the interim distribution was paid.

Based on information currently available, it is anticipated that a second and final dividend of around 4 cents in the dollar will be paid.

We advise that the Liquidators have recently been notified of a potential further claim and until this potential claim is resolved, the Liquidators are unable to pay the final distribution to creditors. Should the potential claim be proved and admitted, it could reduce the proposed final dividend quantum slightly. Every effort is being made to resolve any outstanding issues as quickly as possible to enable the final distribution to be made and the liquidation to be completed.

The Liquidators have retained sufficient funds to meet any potential future claims of which they are currently aware.

5. Liquidators' fees

Liquidators' fees and disbursements for the current Reporting Period total \$25k net of GST.

Attached at **Appendix 3** is a schedule of the Liquidators' fees and disbursements for the Reporting Period.

6. Further proposals for completing the liquidation

The Liquidators propose to take the following further actions:

- Finalise the release of the remaining retention held in trust;
- Complete our assessment of all claims made against the Company;
- Distribute any remaining available funds to creditors; and
- Comply with our statutory obligations.

Once all matters are completed, the Liquidators will then seek to have the Company removed from the register.

7. Estimated date of completion

Subject to the resolution of the recently notified claim and based on information currently available, the Liquidators anticipate that the liquidation will be finalised in the next six months.

8. Contact information

If you require any further information, please direct enquiries to:

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Dated this 19th day of December 2022



Andrew McKay
Liquidator

APPENDICES

Appendix 1 - Summary of Receipts & Payments

Arrow International (NZ) Limited (In Liquidation)	
Summary of Receipts and Payments	
6 June to 5 December 2022	\$ (excl GST)
Opening Cash Balance	1,331,075
Receipts	
Interest Received	13,927
Sundry Receipts	7,140
Transfers from Retentions Trust Account	274,812
Total Receipts	295,879
Payments	
GST Paid	27,988
Interim Distribution to Unsecured Creditors	85,881
Liquidators fees and Disbursements	25,208
Operating expenses	43,907
Project Costs	5,040
Retentions Released	274,812
Total Payments	462,836
Cash at hand as at 5 December 2022	1,164,118

Appendix 2 - Summary of Retentions Held In Trust

Arrow International (NZ) Limited (in Liquidation) Summary of Retentions Held in Trust 6 June 2022 to 5 December 2022	Voluntary Administration \$ (excl GST)	Liquidation \$ (excl GST)	Total \$ (excl GST)
Opening Retentions Balance held in Trust			5,614,052
Receipts			
Interest Received	3,311	23,595	26,906
Total Receipts	3,311	23,595	26,906
Payments			
Retentions Released	1,087,230	4,427,296	5,514,526
Interest Paid		26,081	26,081
Total Payments	1,087,230	4,453,377	5,540,607
Closing Balance as at 5 June 2022			100,351



Appendix 3 - Summary of Liquidators' Fees

	Hourly Rate	Creditors		Administration		Reporting		Total	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Liquidator	518	8	3,755	4	1,925	1	275	12	5,955
Associate	383	14	5,293	1	397	1	554	16	6,243
Senior Manager	371	2	574	7	2,698	2	740	11	4,011
Manager	315	1	158	1	158	-	-	1	315
Assistant Manager	227	6	1,275	7	1,549	5	1,225	18	4,049
Administration	180	-	-	25	4,545	1	90	26	4,635
Total	303	29	11,054	44	11,271	9	2,884	83	25,208